

# The Secret (Insurance) Agent Men

■ A WWII unit gathered key data on battling nations from global underwriters, declassified U.S. files show. Records such as blueprints for bomb plants and poison gas makers aided strategists.

By MARK FRITZ

TIMES STAFF WRITER

COLLEGE PARK, Md.—They knew which factories to burn, which bridges to blow up, which cargo ships could be sunk in good conscience. They had pothole counts for roads used for invasion and head counts for city blocks marked for incineration.

They weren't just secret agents. They were secret insurance agents. These undercover underwriters gave their World War II spymasters access to a global industry that both bankrolled and, ultimately, helped bring down Adolf Hitler's Third Reich.

Newly declassified U.S. intelligence files tell the remarkable story of the ultra-secret Insurance Intelligence Unit, a component of the Office of Strategic Services, a forerunner of the CIA, and its elite counterintelligence branch X-2.

Though rarely numbering more than a half dozen agents, the unit gathered intelligence on the enemy's insurance industry, Nazi insurance titans and suspected collaborators in the insurance business. But, more significantly, the unit mined standard insurance records for blueprints of bomb plants, timetables of tide changes and thousands of other details about targets, from a brewery in Bangkok to a candy company in Bergedorf.

"They used insurance information as a weapon of war," said National Archives historian Greg Bradsher, a historian and National Archives expert on the declassified records.

That insurance information was critical to Allied strategists, who were seeking to cripple the enemy's industrial base and batter morale by burning cities.

"Within a few days, a conference on the burning possibilities of some important cities will be held," unit chief Robert "Lucky Luke" Rushin wrote a colleague in February 1944, when he was sending data to an Allied bombing-target committee. "I have reproductions of approximately 150 plans covering Jap plants about ready to ride."

The files, at the National Archives office in College Park, are among the latest U.S. intelligence documents ordered declassified by President Clinton last year to speed the identification of Nazi assets.

Most of the research attention there has focused on what U.S. intelligence knew about the Holocaust, the whereabouts of Nazi loot, the migration of Nazi war criminals and how much important information never made it to the Oval Office.

But the documents suggest that insurance played an important, if less-noticed, role in the war.

The OSS insurance unit was launched in early 1943, long after

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# INSURERS: Records Reveal WWII Role

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It had become alarmingly clear that the Nazis were using their insurance industry not only to help finance the war but also to gather strategic data.

American insurance companies had been competing furiously for overseas business even after the United States entered the war, and the OSS files suggest that details about U.S. factories and cities were falling into enemy hands because of the interlocking international relationships among insurance companies.

Germany had 45% of the worldwide wholesale insurance industry before the war began and managed to actually expand its business as it conquered continental Europe. As wholesalers, or "reinsurers," these companies covered other insurers against a catastrophic loss that could wipe out a single company. In the process, the wholesalers learned everything about the lives and property they were reinsuring.

## Unit's Efforts Are More Than Altruistic

The motives of the OSS unit's founders were both pragmatic and patriotic.

"This story is incredible because the unit begins as part of the desire of American [insurance] interests to contribute to the war effort and exploit it for future economic gain," said historian Timothy Naftali, a consultant to the Nazi War Criminals Interagency Working Group that was created by Congress last year.

The men behind the insurance unit were OSS head William "Wild Bill" Donovan and California-born insurance magnate Cornelius V. Starr.

Starr had started out selling insurance to Chinese in Shanghai in 1919 and, over the next 50 years, would build what is now American International Group, one of the biggest insurance companies in the world. He was forced to move his operation to New York in 1939, when Japan invaded China.

In the early years of the war, the German insurance industry expanded its business as it conquered continental Europe. Nazi insurance brokers who traveled with combat troops during invasions also scoured local insurance files for strategic data.

German-owned companies were blacklisted by the Allies, but the Insurance Intelligence Unit found that the Nazis did business through countries such as Switzerland and laundered transactions through South American affiliates, particularly in Argentina.

"The blacklist is of no good use because the firms not blacklisted are full of Germans," one of the Insurance Intelligence Unit's reports complained in 1943.

Starr's people and other insurance executives had intimate knowledge of the people involved in the global insurance business, so they were able to track potential collaborators.

Among those they investigated was Carl Theodore Endemann, a naturalized American from Germany who was assigned by the American Foreign Insurance Assn. to Paris in the 1930s. When war broke out, Endemann sided with the Nazis. When France capitulated, Endemann contacted the Germans and gave them exceptionally detailed blueprints, maps and other information to aid Erwin Rommel's war in North Africa.

The report makes a dry reference to Endemann's British wife, the mother of their 7-year-old son, as a "staunchly pro-British" woman who, as a result, "was interned from time to time."

The Insurance Intelligence Unit also investigated Americans, which in some cases included an agent's boss. One report showed that an Argentine company owned by the American Foreign Insurance Assn. had a known Nazi collaborator on its board and rejected him after it promised it wouldn't.

The documents also said that two New York insurance executives, Cecil Stewart and Stewart Hopps, also came under scrutiny for selling war insurance to strategic U.S. industries and reselling some of the risk to Latin American affiliates linked to Nazi insurers. The men also ran a steamship company that chartered tankers for Royal Dutch Shell, a Nazi collaborator that used Hitler's slave laborers.

"It's very possible that details of American insurance properties could reach the enemy via this sequence of reinsurance transactions," the report said.

Stewart and Hopps were not unknown to the unit investigators—they had been part of the original OSS committee convened to design the Insurance Intelligence Unit, Naftali said.

Such convoluted business dealings were traced largely through the work of Ernest Stiefel, a member of the intelligence unit who diagrammed the way insurance companies



Robert Rushin, a Home Insurance Co. executive, was sent to London in 1943.

pooled their risks, invested in and insured each other and, as a result, willfully or wittingly shared data about nations at war.

"Stiefel mapped the entire system," said Naftali, a historian at the University of Virginia's Miller Center of Public Affairs. "Each time I take a piece of your risk, you've got to give me information. I am not going to re-insure your company unless you give me all the documents. That's great intelligence information."

Naftali came across the first evidence of the unit when the CIA began to release OSS files in the 1980s. He interviewed some members—all now believed dead—for his 1993 doctoral dissertation.

Though the earlier files contained references to the insurance unit's work, the recent release adds details about how sensitive data was gathered and shared and how the unit operated.

Though a wiz with records, the unit had problems in the field, where agents operated without the knowledge of local American embassies. Information arrived months after it was requested, particularly from the Far East and North Africa, and in places such as Singapore and Morocco, where expatriates of all types mingled uneasily while the war's battles crept closer.

"They went into the field and the State Department didn't know who they were. The military didn't know who they were. They were largely in neutral zones. These fellows sat in backwaters for months, collecting material and sending it nowhere," Naftali said.

One operative, a Starr insurance man named Bob Smith, traveled throughout China and appeared in several local newspaper accounts as—what else?—a traveling insurance executive named Bob Smith.

## Strategic Data Welcomed Back Home

The cables he sent back—still heavily censored by the CIA—showed a man who was under heavy suspicion, often anxious to leave his post and uncertain of how to deliver his information. At one point, posing as an insurance man on a humanitarian visit to a leper colony, he stumbled on Japanese positions in South China. He speculated that he wasn't shot at because the enemy was too busy laughing at Smith's pratfall-plagued attempts to flee through the thicket on a bicycle.

The strategic information was welcomed back at headquarters.

"Our thanks . . . for the gradient profile of the Chinese section of the Canton/Kowloon Railway," chirped the chatty but highly secret OSS newsletter ("Extra! Extra! It's twins for Al Booth!").

"Thank you for the Tokyo Water Supply data! We appreciate it very much," raved yet another edition.

Much information came from unit chief Rushin, a Home Insurance Co. executive who rose to U.S. Army major because of his work. Rushin was sent to London in late 1943 after it became clear that OSS and British intelligence had failed to tap London-based insurers for information about the Pacific theater.

In fact, Rushin found that a U.S. Embassy official assigned to collect such data had set up shop at Swiss Re, an insurance wholesaler still in business with the Nazis. But, through inexperience or incompetence, the embassy official had learned little of value.

Rushin was able to gather material that was even in demand by the British. It ranged from Chinese railway inspection reports to photos of the Mitsukoshi department store in downtown Tokyo to blueprints of the chemical company that made the poison gas Hitler used to kill Jews.

Rushin's biggest obstacle appeared to have been the war's own bureaucracy. "I don't have but two legs, no one to help and the job of reproducing is terrific," he complained in a March 1944 memo. "I have material now which has been in the hands of reproduction for six weeks."

Insurance unit spies also came across bits of juicy data that had nothing to do with insurance. They passed along news, for example, that the desperate Nazis had banned the "mourning ribbons" worn by families of the growing numbers of dead. They found a German newspaper obituary of "a collaborator" killed in a "cowardly" attempt by some of Hitler's men to blow up *der Fuehrer*.

When the tide of the war began to turn and German insurers began losing money, the U.S. insurance agents learned that Nazi insurers were pleading for peace. A source in Stockholm revealed in late 1943 that insurers advised Hitler's people that "ruin threatens all life and fire insurance companies in Germany."

As Germany was heavily bombed and casualties mounted, the Nazis prohibited insurance companies from selling new policies—a drastic measure that even prompted complaints in the newspapers. Life insurance and the interest it earned had been viewed as stable investments for Germans who still remembered the hyperinflation that followed World War I.

With the Axis defeat imminent, U.S. intelligence officials focused greater attention on ways the Nazis would try to use insurance to hide and launder their assets so they could be used to rebuild the war machine. It's a task that continues today.

A commission headed by former U.S. Secretary of State Lawrence S. Eagleburger is investigating whether five mostly German-owned insurance companies operating today ever paid off all the life insurance policies they sold to Jews, a target market as the Nazis were ascendant.

## Accounts in Records at Times Chilling

The insurance unit's reports gave at least one chilling glimpse of how Jewish policies were processed: "You might be interested in the enclosed Dutch Decree of June 11, 1943 ordering the reporting and liquidating of all insurance policies on behalf of the Jews. . . ."

The newly released OSS files show just how hard it is to track a paper trail through 50 years of mergers, acquisitions, secret deals and silent partnerships. The files show that American insurance premiums almost certainly wound up in Nazi banks, and German brokers were secretly covering London establishments under attack by the Luftwaffe.

"It makes you wonder if a German insurer insuring an American ship went to the German military and said: 'Don't bomb this ship!'" Bradsher said.

Though the Treasury Department wanted to keep harsh economic restrictions on the defeated Axis powers, the State Department prevailed, and German and Japanese insurance industries resumed operations after the war. Today, for example, Munich Re and Swiss Re are, once again, the two biggest insurance wholesalers in the world. Rushin was promoted to the X-2 branch in Washington after his London mission and then returned to Home Insurance after the war. He retired from the company, which eventually was crushed by asbestos claims from cancer victims in the 1970s. In the end, Home itself didn't have enough insurance to cover its losses.

Starr sent insurance agents to Asia and Europe even before the bombs stopped falling and built what eventually became AIG, which today has its world headquarters in the same downtown New York building where the tiny OSS unit toiled in the deepest secrecy.

Starr died in 1968, but his empire endures. AIG is the biggest foreign insurance company in Japan. More than a third of its \$40 billion in revenue last year came from the Far East theater that Starr helped carpet bomb and liberate.

Though the OSS files shed light on a little-known operation, there is no good way to fully read the moods and motivations of the people who were part of it. By all accounts, though, Rushin was proud of his spy service.

"He was delighted to talk about this," said Naftali, who talked with Rushin before he died. "He was in his 80s. I was lucky. This latest release [of documents] comes too late. These people are no longer alive."

# Los Angeles Times

**National  
Edition**

ON THE INTERNET: [WWW.LATIMES.COM](http://WWW.LATIMES.COM)  
CIRCULATION: 1,111,785 DAILY / 1,384,688 SUNDAY

FRIDAY, SEPTEMBER 22, 2000  
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DAILY 50 CENTS  
AN EDITION OF THE LOS ANGELES TIMES



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